From: <u>Justin Cohen</u>

To: <u>Karl Simon</u>; <u>Linc Wehrly</u>; <u>Jeff Alson</u>

Subject: Automakers tout clean diesel as new savior (Politico) with diesel factoid

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I just ran over to McDonald's and along the way grabbed a Politico, the trendy new "insider" politics paper. They had a big article w/ lots of picts in the "lobbying" section on clean diesel. Apologies if these articles are old hat to you by now, but I thought it might be worth sending for fun (it's been a long week). The clincher was the use of a version of Jeff's diesel factoid in at the end!!!

http://www.politico.com/news/stories/0708/11635.html

Automakers tout clean diesel as new savior

By: Erika Lovley July 9, 2008 03:45 PM ES

Seizing on sky-high gasoline prices, automakers and industry trade groups are boosting their promotion of clean diesel vehicles to Congress.

Volkswagen Group, Chrysler and Bosch, a global automotive technology supplier, are among a handful of auto groups working to morph diesel's image as a foul-smelling, smog-forming fuel into a quick antidote for global warming.

Clean diesel vehicles run on ultralow sulfur diesel that was mandated in 2000 by the Clinton administration and that debuted in 2006. The fuel contains 97 percent less sulfur than traditional diesel and is being phased in at service stations nationwide by 2010.

Even though diesel fuel prices soar well above regular gasoline, supporters of clean diesel say its fuel economy savings and incentives would offset the high fuel costs. Most clean diesel vehicles sell for only about \$1,000 more than their gasoline-fueled counterparts.

Capitol Hill has long been abuzz over solar power, wind farms and nuclear plants as the elixir for carbon emission, but widespread use of those technologies is still several years and several policy fights away.

As lawmakers call for relief through gas-tax holidays and opening the nation's Strategic Petroleum Reserve, auto lobbyists are touting the high fuel economy of clean diesel cars — up to 40 percent better fuel economy and 20 percent less

emission than regular cars — as a way to make driving both greener and more affordable.

"Fuel pricing is at the top of everyone's minds right now," said Norman Johnson, a lobbyist with Robert Bosch LLC. "Clean diesel is a solution that is here now. It can be deployed right now, and the benefits can accrue immediately."

Hybrid cars still remain expensive, costing up to \$3,000 more than a comparable gasoline model.

Congress has offset prices with federal tax credits, but Toyota and some other makers have already reached their 60,000-vehicle cap.

And while dealerships struggle to move SUVs off their lots, many Americans are still relying on large vehicles for towing and hauling — activities that hybrids can't always handle.

"People still have a real need for SUVs," said Daimler spokeswoman Jessica Altschul.

Daimler plans to roll out three new clean diesel Mercedes-Benz BlueTec SUVs in the fall. The vehicles get 600 miles to the tank — nearly double that of many SUVs — and offer up to 40 percent better fuel efficiency and higher torque than gasoline engines.

Consumers can also expect a new Jetta model from Volkswagen, a Honda diesel version of the Acura TSX and a greener Jeep Grand Cherokee.

Automakers hope diesel sales in the United States will eventually mirror those in Europe, where \$7-a-gallon gasoline has helped diesel vehicles account for more than half of all new car sales.

The technology has been slower to arrive in the United States, partly because of several states' strict emission standards and the gradual implementation of ultralow sulfur diesel.

Lobbyists have been pushing clean diesel on Capitol Hill for several years, resulting in a growing circle of allies as global warming concerns grow. Part of the interest has been spawned by Capitol Hill ride-and-drive events, which have put members of Congress and their staffers behind the wheels of soon-to-be released vehicles.

Sen. Olympia Snowe (R-Maine) is calling for a reduction in the federal diesel tax to make it equal to the tax imposed on regular gas. And Rep. Mary Bono Mack (R-Calif.) has introduced a similar bill in the House. The incentives in the measures are aimed at convincing people to use clean diesel.

"There has to be comprehensive strategy that encourages customers to use this technology," said Alliance of Automobile Manufacturers spokesman Charles Territo. "Right now, those don't really exist."

Still, the high price of diesel fuel remains an issue.

"It's really hard to tell where that market is going, but we see in this next administration a greater number of opportunities," said Chrysler's vice president of public policy, John Bozzella.

There is already a lobbying movement to close the gap between diesel prices and those of premium gasoline. Participants among industry groups working on a solution include Mercedes and the American Trucking Association.

Ideas being floated include lowering the national speed limit to conserve fuel and opening more U.S. coastal areas and the Arctic National Wildlife Refuge to drilling.

The diesel industry received one round of buyer incentives from the 2005 energy bill and is poised to receive a new round through an enormous tax extenders bill that is currently stalled in the Senate.

While some experts argue that clean diesel will keep the United States dependent on foreign oil, Rep. Joseph Knollenberg (R-Mich.) is already considering the next step. The senior House Appropriations Committee member recently introduced a multibillion-dollar comprehensive alternative fuels bill that would establish a national standard for biodiesel — the next generation of diesel fuel, made from vegetable oil.

"We are definitely hearing from automakers," said Knollenberg's chief of staff, Craig Albright. "And having a national standard is becoming one of the highest priorities when it comes to diesel."

Hybrid cars have already stolen much of the research and development spotlight, but the industry is now urging lawmakers to make funding more technology-neutral.

Bosch estimates that, by 2015, 15 percent of the light duty vehicle market will be clean diesel. And if one-third of the U.S. fleet runs on diesel, the Environmental Protection Agency estimates that oil imports would be reduced by 1.4 million barrels a day, roughly 12 percent of current imports.

"We see that the future is multitechnology and multifuel," Johnson said. "We think the government should set the bar but allow other technologies to compete."

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